

Sale

Confederation Life
ASSOCIATION

96TH ANNUAL REPORT 1967

AR48



The cover design and pictorial theme of this report emphasize investments by Confederation Life in real estate—one aspect of a comprehensive investment operation in a number of countries.

DIRECTORS

J. K. Macdonald, President

Director, Canada Permanent Companies
Director, Consumers' Gas Company

D. A. McIntosh, Q.C., Vice-President

Director, Argus Corporation Limited
Director, Bank of Montreal

G. M. Black, Jr.

Director, Argus Corporation Limited
Director, Dominion Tanners Limited

R. F. Chisholm, O.B.E.

Executive Vice-President and Director,
Dominion Stores Limited
Director, R.L. Crain Limited

P. P. Daigle

Director, RCA Victor Company Limited
Director, Dominion Stores Limited

J. C. Davidson

Executive Vice-President, Confederation Life
Association

H. G. De Young

Director, The Toronto-Dominion Bank

C. M. Harding, O.B.E.

Chairman of the Board, Harding Carpets Limited
Director, The Toronto-Dominion Bank

T. E. Ladner, D.S.C., Q.C.

Director, Wire Rope Industries of Canada
(1966) Ltd.
Director, Western Canada Steel Limited

G. E. Mara

President and Director, William Mara Company
Limited
Director, McLaren Foods Limited

R. H. L. Massie

President, The Dominion Insurance Corporation
Director, Firemen's Insurance Company of Newark,
New Jersey

H. C. F. Mockridge, Q.C.

Director, The International Nickel Company of
Canada, Limited
Director, Bank of Montreal

A. Monast, Q.C.

Director, Canadian Imperial Bank of Commerce
Director, Noranda Mines Limited

M. O. Simpson, Jr.

Chairman and President, Combined
Engineered Products Limited
Director, Royal Bank of Canada

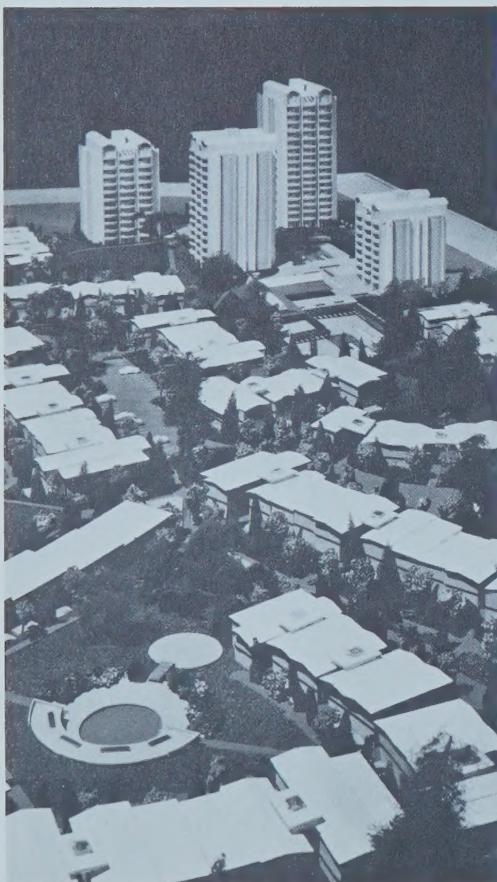
J. L. Trumbull, C.B.E.

President and Director, J.L. Trumbull Limited
President and Director, McColl's Fine Foods Ltd.

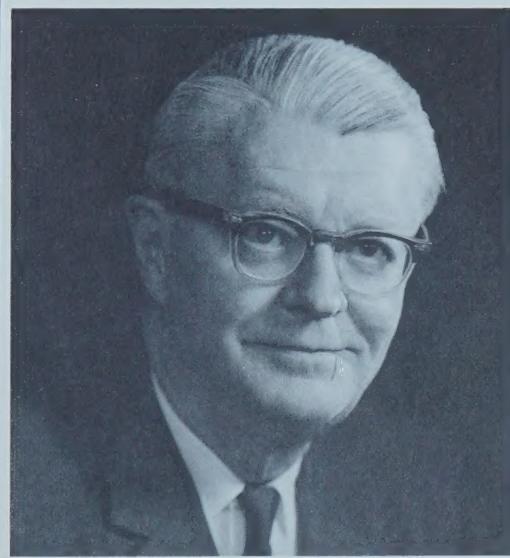
J. P. R. Wadsworth

Vice-Chairman, Canadian Imperial Bank of
Commerce
Director, Pilot Insurance Company

1967 ACHIEVEMENTS AT A GLANCE



	1966	1967
New Business—Premiums		
Individual	\$ 7,345,000	\$ 8,638,000
Group	12,157,000	9,218,000
New Business—Amounts		
Individual Life	323,202,000	377,724,000
Group Life	345,917,000	301,283,000
Business in Force—Amounts		
Individual Life	2,306,401,000	2,416,486,000
Group Life	2,106,057,000	2,374,075,000
Annuities and Pensions (Equivalent Basis)	637,283,000	724,437,000
Health Insurance in Force—Premiums	31,208,000	35,212,000
Benefits		
Contractual Payments to Policyowners and Beneficiaries	75,868,000	85,027,000
Dividends and Refunds to Policyowners	9,817,000	10,955,000
Assets	662,203,000	693,138,000
Reserved Surplus	52,775,000	55,431,000
Rate of Investment Income Earned Net of Investment Expenses	6.02%	6.17%



John K. Macdonald, President

Before reporting on the activities and results achieved in 1967, the Directors record their profound regret on the death of their colleague, Mr. C. D. Devlin, last February 11. He had served Confederation Life faithfully and well in many capacities since 1910.

We welcome to the Board Mr. T. E. Ladner, D.S.C., Q.C., of Vancouver to fill the vacancy.

We had another fine year in 1967. The enlarged Field Force sold new policies the premiums on which amounted to \$17,856,000. Of this total, \$9,218,000 was from Group policies and \$8,638,000 was from Individual policies. Included in these figures are Health premiums of \$7,514,000 and new annuities, premiums on which amounted to \$1,178,000.

New Individual life insurance sold amounted to \$377,724,000 and new Group life insurance to \$301,283,000. Life insurance in force now totals \$4,790,000,000. Adding for annuities the equivalent insurance in force, the total is over \$5,500,000,000.

Total premiums for all forms of coverage amounted to \$122,165,000 during 1967. An amount of \$95,982,000 was paid out in benefits to policyowners or their beneficiaries, an increase during the year of \$10,297,000.

Highlights of 1967

In 1967, an affiliated company was incorpor-

ated in Venezuela to comply with the new laws introduced there in 1965. The figures given throughout this report exclude the business of this company—La Confederación del Canadá Venezolana, C.A.—except for our investment in its stock. New premiums in the affiliated company since its inception on June 1 amount to \$136,000, for an amount of new business of \$10,580,000.

Certain Canadian life insurance companies withdrew from the West Indies in 1967. The business of two companies, amounting to 1,377 policies for \$5,897,000 insurance, was transferred to the Association as from March 9. This will give added strength to our own operations in that area.

During 1967 the number of Sales Offices in the Individual line increased by 11 in Canada, the United Kingdom, and the United States. Another important development was an increase of 17 in our corps of Assistant Managers. New Group Sales Offices have been opened in Chicago and Jamaica and, for better service, Group Claims Offices in Chicago, Boston, and Philadelphia.

Significant changes in Group products have occurred in both Group Life and Health and also in Group Pensions. In the case of Individual Insurance, the segregated fund approach which has been so successful in the United

Kingdom has been further expanded in Canadian operations.

In the United States, the Company is at present licensed in 26 states. During the year, a program has been initiated to obtain licences in all but a few of the remaining states.

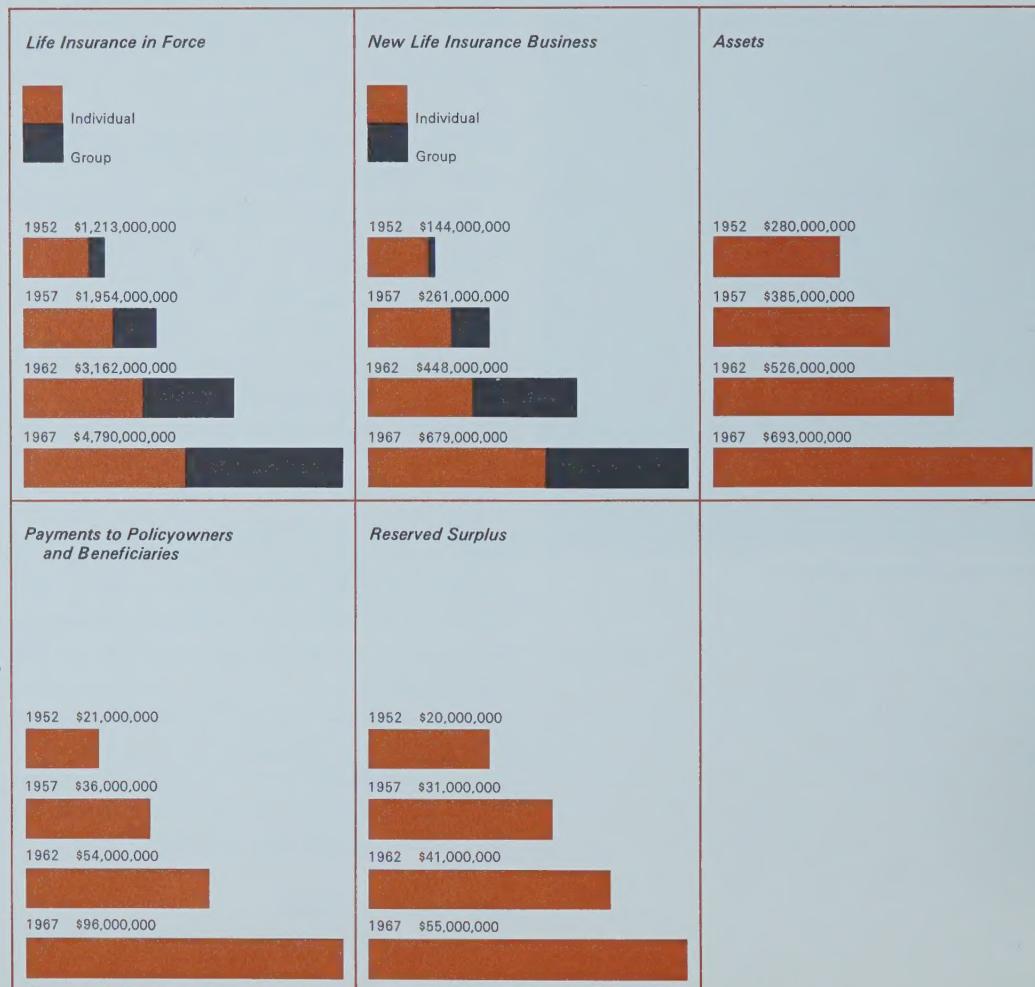
Our mutualization program which began in 1958 will be completed at the end of 1968 in accordance with the terms of the Canadian and British Insurance Companies Act.

Dividend scales were increased in nearly all areas of operations, largely due to improved investment returns. This is the seventh year in succession that such action has been taken.

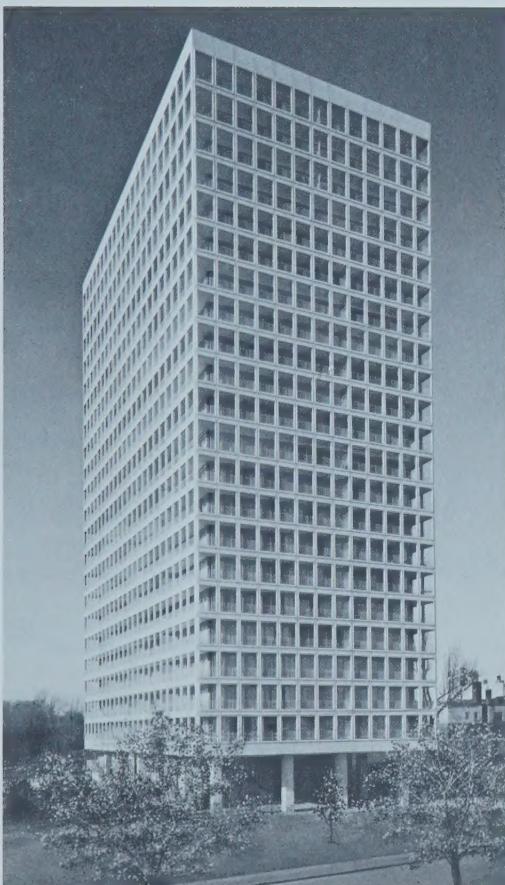
The Board tenders its thanks to the Field and Office staffs throughout the world for their continued efforts which have made possible the splendid results obtained in 1967.



President



STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1967



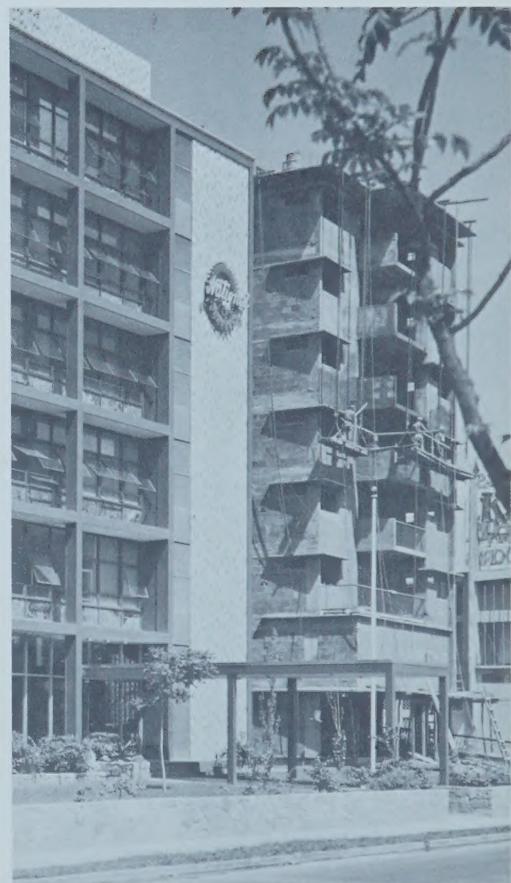
	1966	1967
Income		
Premiums from Policyowners	\$108,233,107	\$122,165,411
Interest, Dividends and Rents from Investments, less Investment Expenses	<u>37,185,331</u>	<u>40,249,075</u>
	<u>\$145,418,438</u>	<u>\$162,414,486</u>
Use of Income		
Death Claims	\$20,725,717	\$22,421,411
Endowments Matured	8,889,081	9,735,498
Annuity Payments	5,076,753	5,442,625
Disability and Health Benefits	23,352,513	28,476,215
Surrender Payments	16,233,996	16,872,832
Interest to Policyowners	1,590,759	2,078,433
Dividends and Refunds Paid to Policyowners	<u>9,817,025</u>	<u>10,955,314</u>
For Policyowners and Beneficiaries	<u>\$ 85,685,844</u>	<u>\$ 95,982,328</u>
Increase in funds necessary for future contract payments, dividends and refunds	25,801,061	30,526,482
Service and Sales Expenses	18,582,525	21,289,733
Administration Expenses	5,319,448	5,327,995
Government Taxes and Licence Fees	<u>2,448,747</u>	<u>2,714,582</u>
	<u>\$137,837,625</u>	<u>\$155,841,120</u>
Net Income for the Year	<u>\$ 7,580,813</u>	<u>\$ 6,573,366</u>
Add (Deduct)		
Net Profit or (Loss) on investment transactions	(1,483,163)	927,834
Writedown of asset values (writedown in 1966 includes \$800,000 and in 1967 includes \$700,000 pertaining to the Association's capital stock acquired under mutualization plan)	(4,000,000)	(4,494,829)
Transfer from Policyowners' Insurance and Annuity Reserve	9,087,605	4,105,318
Transfer (to) Contingency Reserve	<u>(9,100,000)</u>	<u>(4,456,142)</u>
Increase in Reserved Surplus	<u>\$ 2,085,255</u>	<u>\$ 2,655,547</u>
Reserved Surplus at Beginning of Year	<u>50,690,449</u>	<u>52,775,704</u>
Reserved Surplus at End of Year carried to the Balance Sheet	<u>\$ 52,775,704</u>	<u>\$ 55,431,251</u>

BALANCE SHEET AS AT DECEMBER 31, 1967

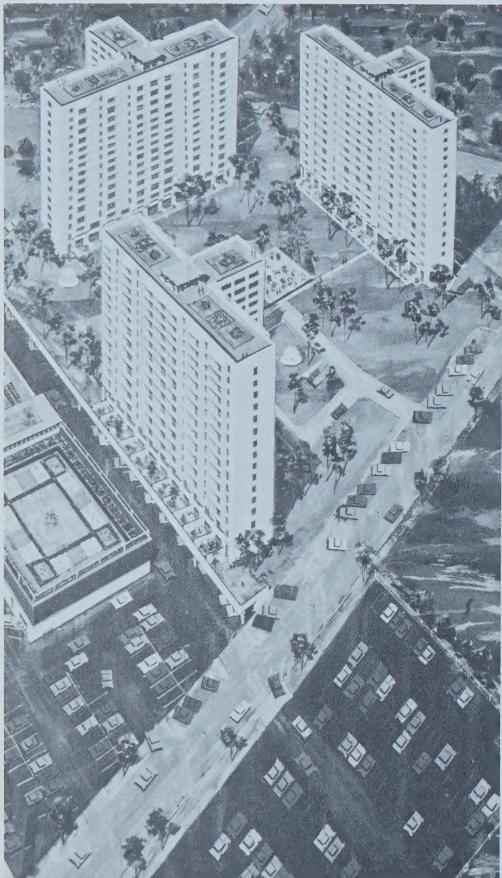


Assets which assure fulfilment of liabilities	1966	1967
Bonds and Stocks	\$301,182,341	\$307,097,860
The values of these securities are shown at amortized cost or less. In the aggregate, these values are less than those authorized by the Department of Insurance, Canada. Included in the holdings are 100,000 shares of the Association's capital stock carried at \$1,100,000 (1967).		
Mortgage Loans and Sale Agreements on Real Estate	269,543,778	282,116,014
Segregated Investments	13,040,728	18,475,944
Head Office Premises and Properties Purchased for Income	17,665,319	19,555,196
Loans on Policies Policyowners have borrowed these monies by using their policies as collateral security.	36,918,466	39,275,003
Cash on Hand in Banks, Including Time Deposits These cash balances are carried to make prompt payment of all liabilities falling due.	3,919,578	4,006,135
Interest and Rents Earned but not yet Received Interest on investments is earned continuously, but is collected only on specific interest due dates.	8,174,617	8,371,357
Premiums in Course of Collection and Other Assets	11,758,329	14,240,319
 Auditors' Report We have examined the balance sheet of Confederation Life Association as at December 31, 1967 and the statement of operations for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the liability to provide for payments guaranteed under insurance and annuity contracts and the dividends to be paid to policyowners were determined and certified by the Association's Actuary. Based on our examination and the certificate of the Actuary, we report that in our opinion the accompanying balance sheet and the related statement of operations present fairly the financial position of the Association as at December 31, 1967 and the results of its operations for the year ended on that date. The assets and liabilities in currencies other than Canadian are shown at book rates which approximate current rates. If current rates had been used, the surplus as shown would be increased.		
	\$662,203,156	\$693,137,828

Liabilities to policyowners, beneficiaries and others	1966	1967
Policyowners' Insurance and Annuity Reserve	\$519,304,297	\$527,656,819
The amount required, in addition to future premiums and interest, to ensure the payment of benefits under insurance and annuity contracts.		
Policyowners' Deposits at Interest	33,013,126	37,451,215
Policy proceeds, amounts to pay future premiums and dividends left with the Association to be accumulated at interest.		
Segregated Funds	13,040,728	18,475,944
Policy Benefits in Process of Payment	17,185,442	19,576,331
Claims for which documents not complete and provision for those of which advice not yet received.		
Dividends and Refunds to Policyowners	10,183,366	10,774,057
Provision for dividends and refunds payable in the next and later years.		
Other Liabilities	6,600,493	9,420,211
Amounts received and not yet allocated together with provision for taxes and other expenses.		
Contingency Reserve	9,100,000	13,352,000
Capital Stock	1,000,000	1,000,000
100,000 shares of \$10 par value.		
Reserved Surplus	52,775,704	55,431,251
This amount is held in reserve to reinforce the Association's security.		
	<u>\$662,203,156</u>	<u>\$693,137,828</u>



STATEMENT OF ASSETS



The Assets of The Association were invested as at December 31, 1967, in the following manner:

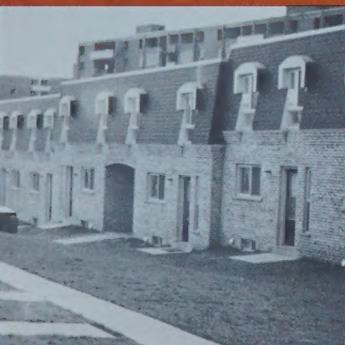
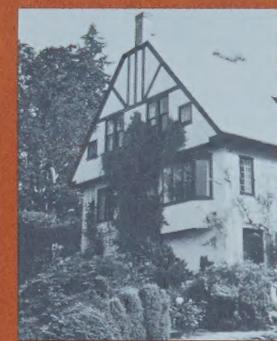
13.78%	Bonds	
	<i>Government</i>	
	Governments of Canada, United Kingdom, British Commonwealth and United States of America	\$ 42,793,093
	Canadian Provinces	39,543,216
	Other	13,182,831
	Total Government Bonds	<u>\$ 95,519,140</u>
4.06	<i>Municipal</i>	\$ 28,139,717
21.69	<i>Other Bonds</i>	
	Public Utilities and Transportation	\$ 37,817,998
	Industrial and Miscellaneous	112,519,776
	Total Other Bonds	<u>\$150,337,774</u>
	Total Bonds	<u>\$273,996,631</u>
4.78	Stocks	
	Preferred	\$ 4,858,630
	Common	28,242,599
	Total Stocks	<u>\$ 33,101,229</u>
	Total Bonds and Stocks	\$307,097,860
40.70	Mortgage Loans on Real Estate	282,116,014
2.82	Head Office Premises and Properties Purchased for Income	
	Head Office	\$ 6,794,494
	Held for Income	12,760,702
	Total Properties Owned	<u>19,555,196</u>
12.17	Other Assets	84,368,758
100 %	Total Assets	<u>\$693,137,828</u>

OFFICERS

	J. K. Macdonald President		
	J. C. Davidson Executive Vice-President	W. J. Pratt, Personnel Executive	
Control	B. T. Holmes Vice-President and Chief Actuary	P. D. Burns, Assistant Vice-President, Systems Development and Computer Services M. N. Brooks, Data Processing Executive	G. G. Myer, Actuary, Director of Corporate Planning R. G. Stitt, Comptroller
Investment	W. J. Farmery Vice-President and Treasurer	F. B. Brooks-Hill, Assistant Vice-President and Treasurer for the United States and Caribbean R. E. Malone, Treasurer—Common Stocks, Canada and the United States	A. J. Trusler, Associate Treasurer J. C. H. Tate, Investment Manager for the United Kingdom
Secretarial	M. F. Auden Vice-President and Secretary	J. C. Mortimer, Assistant Secretary W. Wallace, General Auditor	
Legal	R. M. Bell Vice-President and General Counsel	W. R. Learmonth, Associate Counsel	
Individual Insurance	W. J. D. Lewis Vice-President, Individual Insurance	Canada G. M. Cameron, Marketing Vice-President for Canada D. C. Bennett, Superintendent of Agencies M. J. Boyce, Superintendent, Marketing Support J. P. S. Costigane, Superintendent of Agencies F. P. Cronk, Superintendent of Agencies R. Gauthier, Superintendent of Agencies H. W. Merrick, Superintendent of Agencies	United States P. W. Lloyd, Assistant Vice-President and Director of Agencies for the United States J. T. Birkenshaw, Superintendent of Agencies R. L. Hymes, Superintendent of Agencies R. H. Kay, Superintendent of Agencies D. B. Loveday, Superintendent of Agencies
	J. H. B. Clover Vice-President and General Manager for the United Kingdom	United Kingdom K. Robson, C.B.E., M.A., M.D., F.R.C.P.(Lon.), Chief Medical Referee for the United Kingdom J. H. S. Thomas, Agency Manager for the United Kingdom R. E. White, Chief Actuary for the United Kingdom J. C. H. Tate, Investment Manager for the United Kingdom	Caribbean Paul Wortman, Assistant Vice-President and General Superintendent for the Caribbean
Group Insurance	D. E. Watts Vice-President, Group Insurance	Sales D. A. Telfer, Marketing Vice-President K. T. Paton, Superintendent, Group Sales—Canada W. J. Sweeney, Superintendent, Group Sales—United States Paul Wortman, Assistant Vice-President and General Superintendent for the Caribbean	Administration W. A. Allison, Group Actuary, Finance and Research J. M. Gill, Assistant Vice-President, Group Underwriting J. B. Heard, Group Secretary R. E. Malone, Treasurer—Group Pension Fund Investments R. L. W. Till, Group Actuary, Pensions
Medical		C. D. Gossage, O.B.E., M.D., F.R.C.S. (Edin.), Chief Medical Director H. A. W. Smith, B.A., M.D., Associate Medical Director	K. Robson, C.B.E., M.A., M.D., F.R.C.P.(Lon.), Chief Medical Referee for the United Kingdom

The photographs on these and other pages suggest the varied nature of Confederation Life mortgage investments in Canada, the United Kingdom, Venezuela, Dominican Republic, Barbados, Trinidad and Jamaica.





FIELD ORGANIZATION

Canada

Canada	City	Manager
British Columbia	New Westminster	G. W. Henderson
	Vancouver	
	Vancouver-Centre	D. R. McDougall
	Vancouver-West	W. Jahnke
	Victoria	W. H. Fuller
Alberta	Calgary	W. E. Purvis
	Edmonton	J. F. Roth
Saskatchewan	Regina	S. J. McKee
	Saskatoon	N. T. Crowell
Manitoba	Winnipeg	
	Winnipeg-Manitoba	G. Hunt
	Winnipeg-Central	W. A. Hoag
Ontario	Barrie	H. K. Mitchell
	Brantford	H. W. Cowan
	Hamilton	A. W. Brewer
	Kingston	J. G. McCrea
	Kirkland Lake	A. P. Orr
	Kitchener-Waterloo	D. R. Armstrong
	London	H. H. Thompson
	Ottawa	S. D. Robertson
	Peterboro	A. J. Gleeson
	Port Arthur	E. M. Scott
	St. Catharines	E. D'Agostino
	Sault Ste. Marie	E. J. Shirley
	Sudbury	D. J. Cahill
	Toronto	
	Toronto-Central	J. L. Moore
	Toronto-City	D. C. Luttrell
	Toronto-East	V. Burke
	Toronto-Eglinton	W. C. Weaver
	Toronto-Forest Hill	J. L. Lyons
	Toronto-North	D. G. McEwan
	Toronto-West	R. L. Mitchell
	Welland	S. C. Minor
	Windsor	B. W. McCann
Quebec	Montreal	
	Montreal-Central	M. Paquette
	Montreal-City	J. A. L. Heppner
	Montreal-East	L. J. Perreault

Canada (cont.)

Canada (cont.)	City	Manager
Montreal-Peel	L. J. Bruneau	
Montreal-Royal	T. Demos	
Montreal-St. James	W. H. Pike	
Montreal-St. Laurent	L. A. Baar	
Montreal-Victoria	B. Marano	
Montreal-West	J. G. Beausejour	
Quebec	R. Goyette	
Sherbrooke	A. Turcotte	
New Brunswick	A. G. Andrew	
Saint John	R. E. Hart	
Nova Scotia	W. K. Webb	
Prince Edward Island	V. F. MacDonald	
Newfoundland	G. I. Hill	
United States	City	Manager or General Agent
Alabama	Birmingham	A. W. McNeely
Arkansas	Little Rock	Arkansas Insurance Associates, L.N. Duck, President
Connecticut	Hartford	Underwriters Service Inc., B. B. Kaplan, President
District of Columbia	Washington	Alton Inc., R. R. Parks, President
	Washington	C. M. Fairchild
Florida	Miami	Hall Life Associates, Inc., F. S. Hall, President
	Miami	Inter American Life Underwriters Agency, Inc. M. Rivera, President
	Tampa	R. R. Craven
Georgia	Atlanta	Murphy & Co. Inc., K. J. Murphy, President

United States (cont.)

United States (cont.)	City	Manager or General Agent
Hawaii	Honolulu	D. L. Mikaelian
Illinois	Chicago	Eliel & Loeb Company
Indiana	Indianapolis	R. T. Mullin Agency, R. T. Mullin, President
Massachusetts	Boston	W. L. McAree
	Worcester	J. J. Pietro, Jr.
Michigan	Detroit	Benyas-Goodman Life Associates
	Detroit	E. R. Mitchell
	Detroit-Southfield	L. J. Cook
	Flint	W. S. Seymour
	Grand Rapids	R. L. Carpenter
	Lansing	D. J. Moody
New Jersey	Newark	Life Service Agency Inc., W. S. Vogel, President
	Newark	Underwriters Service Agency of New Jersey Inc., I. Stein, President
	Orange	Whitney Associates Inc., E. H. Whitney, President
Ohio	Akron	R. D. Carothers
	Cincinnati	C. E. Romer
	Cleveland	
	Cleveland-West	R. D. Rufe
	Cleveland-Brokerage	W. A. Petrak
	Columbus	P. W. Haynes
	Dayton	Goldswig Brothers Inc.
	Steubenville	F. C. Biggio
	Toledo-Brokerage	C. L. Mackall
Oklahoma	Tulsa	S. Bookman & Associates, S. Bookman, President
Pennsylvania	Philadelphia-Springfield	G. H. Reuling, Jr.
	Philadelphia	Yoskin & Co. Inc., J. Yoskin II, President
	Pittsburgh	J. D. Kennon
Pittsburgh	Pittsburgh	The Wagner Agency, H. Wagner, President

FIELD ORGANIZATION (continued)

United States (cont.)			Caribbean and Atlantic Islands			Group Sales Offices (cont.)				
	City	Manager or General Agent		Manager or Agent		City	Manager or Agent			
Rhode Island	Providence	Underwriters Service Agency of Rhode Island Inc., A. A. Wells, President	Barbados	Bridgetown	J. W. Highton	United States (cont.)	Boston	G. K. Godfrey, Manager		
West Virginia	Wheeling	Lackman-Linger Inc., A. W. Lackman, President	Cuba	Havana	G. L. Gomez R.		Chicago	J. C. Nettleton, Manager		
United Kingdom			Curaçao	Willemstad	A. de Marchena		Detroit	H. C. Rogers, Manager		
			Dominican Republic	Santo Domingo	E. Villanueva G.		Philadelphia	W. D. MacDougall, Manager		
			Jamaica	Kingston	H. D. M. Orrett	Caribbean				
			Puerto Rico	Hato Rey Santurce	E. Rivera M. A. Bermudez L.	Dominican Republic	Santo Domingo	D. Barrera G., Representative		
			Trinidad	Port-of-Spain San Fernando	W. M. Date D. D. Evelyn	Jamaica	Kingston	C. W. Stephenson, Representative		
			Central America			Puerto Rico	Santurce	J. Cruz R., Representative		
			Mexico	Mexico, D.F.		Trinidad	Port-of-Spain	C. P. D'Arcy, Representative		
			Group Sales Offices			Investment Branches				
			Canada			British Columbia	Vancouver	Mortgage Manager		
			United States	Toronto	R. W. Runnalls, Group Pensions, Sales Manager	Alberta	Calgary	G. A. Mavety		
				Vancouver	W. G. Manning, Group Insurance Manager	Manitoba and Saskatchewan	Winnipeg	T. R. Nixon		
				Calgary	Special Accounts, Canada	Ontario	Toronto	J. T. Bowie		
				Winnipeg	R. F. St. John, Manager	Quebec	Montreal	C. E. Storey		
				Sudbury	N. J. Reid, Representative	United Kingdom				
				Toronto	J. G. Smith, Representative	London	J. C. H. Tate, Investment Manager			
				Halifax	R. J. Wilcox, Manager		R. O. Lofts, Investment Officer – Real Estate			
				Montreal	B. W. Carpenter, Manager		D. Parker Investment Officer			
				Toronto	F. G. Ryan, Assistant Manager	La Confederación del Canadá Venezolana, C.A. Caracas, Venezuela				
					C. H. Costwell, Manager	Paul Wortman	President			
					F. J. O'Neill, Manager	P. Estevez N.	Vice-President and General Manager			
					D. M. Hare, Group Insurance Manager Special Accounts, United States	G. Martinez M.	Manager, Group Insurance			
				Atlanta	H. P. Decker, Representative					

La version française de ce Rapport Annuel sera envoyée sur demande à toute personne intéressée.

Confederation Life

ASSOCIATION
Head Office : 321 Bloor Street East
Toronto 5, Canada

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